

Representative Bradley M. Daw proposes the following substitute bill:

NEW SCHOOL DISTRICT PROPERTY TAX AMENDMENTS

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Bradley M. Daw

Senate Sponsor: _____

LONG TITLE

General Description:

This bill amends the Property Tax Act and the State System of Public Education Code related to property tax revenues when a new school district is created.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ prohibits certain new school districts from levying a property tax prior to the year in which the district assumes responsibility for student instruction;
- ▶ allows the existing district to impose a property tax on the new district during the period it provides instruction to the new district's students;
- ▶ allows the new district, after taking over student instruction, to continue imposing certain property tax levies previously approved by a vote of the predecessor district electorate and places limitations on the levies;
- ▶ requires the new school district and the remaining district to publish certain advertisements and hold certain hearings before levying a property tax in the first year the new district takes over student instruction; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:



26 None

27 **Other Special Clauses:**

28 None

29 **Utah Code Sections Affected:**

30 AMENDS:

31 **53A-2-117**, as enacted by Chapter 234, Laws of Utah 2003

32 ENACTS:

33 **53A-2-118.2**, Utah Code Annotated 1953

34 **59-2-918.6**, Utah Code Annotated 1953



36 *Be it enacted by the Legislature of the state of Utah:*

37 Section 1. Section **53A-2-117** is amended to read:

38 **53A-2-117. Definitions.**

39 As used in Sections 53A-2-117 through 53A-2-121:

40 (1) "Existing district" or "existing school district" means a school district from which a
41 new district is created.

42 (2) "New district" or "new school district" means a school district created under
43 Section 53A-2-118 or 53A-2-118.1.

44 (3) "Remaining district" or "remaining school district" means an existing district after
45 creation of a new district.

46 Section 2. Section **53A-2-118.2** is enacted to read:

47 **53A-2-118.2. New school district property tax -- Limitations.**

48 (1) (a) A new school district created under Section 53A-2-118.1 may not impose a
49 property tax prior to the fiscal year in which the new school district assumes responsibility for
50 providing student instruction.

51 (b) The remaining school district retains authority to impose property taxes on the
52 existing school district, including the territory of the new school district, until the fiscal year in
53 which the new school district assumes responsibility for providing student instruction.

54 (2) (a) If at the time a new school district created pursuant to Section 53A-2-118.1
55 assumes responsibility for student instruction any portion of the territory within the new school
56 district was subject to a levy pursuant to Section 53A-16-110 or 53A-17a-133, the new school

57 district's board may:

58 (i) discontinue the levy for the new school district;

59 (ii) impose a levy on the new school district as provided in Section 53A-16-110 or
60 53A-17a-133; or

61 (iii) impose the levy on the new school district, subject to Subsection (2)(b).

62 (b) If the new school district's board applies a levy to the new school district pursuant
63 to Subsection (2)(a)(iii):

64 (i) the levy may not exceed the maximum levy rate authorized by the voters of the
65 existing district or districts at the time of the vote to create the new school district;

66 (ii) the board may only impose the levy described in Subsection (2)(a)(iii) during:

67 (A) the fiscal year in which the new school district assumes responsibility for providing
68 student instruction; and

69 (B) the fiscal year following the fiscal year described in Subsection (2)(b)(ii)(A); and

70 (iii) the board:

71 (A) may not impose a levy under Subsection (2)(a)(iii) after the two year period
72 described in Subsection (2)(b)(ii); and

73 (B) may impose a levy under Section 53A-16-110 and 53A-17a-133 if the board
74 complies with the requirements of Section 53A-16-110 and 53A-17a-133.

75 Section 3. Section **59-2-918.6** is enacted to read:

76 **59-2-918.6. New and remaining school district budgets -- Advertisement -- Public**
77 **hearing.**

78 (1) As used in this section, "existing school district," "new school district," and
79 "remaining school district" are as defined in Section 53A-2-117.

80 (2) For the first fiscal year in which a new school district created under Section
81 53A-2-118.1 assumes responsibility for providing student instruction, the new school district
82 and the remaining school district or districts may not impose a property tax unless the district
83 imposing the tax:

84 (a) advertises its intention to do so in accordance with Subsection (3); and

85 (b) holds a public hearing in accordance with Subsection (4).

86 (3) The advertisement required by this section:

87 (a) may be combined with the advertisement required by either Section 59-2-918 or

88 Section 59-2-919;

89 (b) shall be at least 1/4 of a page in size and shall meet the type, placement, and
90 frequency requirements established under Section 59-2-919;

91 (c) shall specify the date, time, and location of the public hearing at which the levy will
92 be considered and shall set forth the total amount of the district's proposed property tax levy
93 and the tax impact on an average residential and business property located within the taxing
94 entity compared to the property tax levy imposed in the prior year by the existing school
95 district.

96 (4) (a) The date, time, and place of public hearings required by this section shall be
97 included on the notice mailed to property owners pursuant to Subsection 59-2-919(4).

98 (b) If a final decision regarding the property tax levy is not made at the public hearing,
99 the school district shall announce at the public hearing the scheduled time and place for
100 consideration and adoption of the budget and property tax levies.

H.B. 58 1st Sub. (Buff) - New School District Property Tax Amendments

Fiscal Note

2007 General Session

State of Utah

State Impact

Enactment of this bill will not require additional direct appropriations. The total amount of the State guarantee under the Voted Leeway program may increase or decrease depending on the amount of revenue generated by the Voted Leeway per Weighted Pupil Unit of the new and old school districts.

Individual, Business and/or Local Impact

Enactment of this bill may result in some impact to locally generated revenues through the Voted Capital Levy and the Voted Leeway for a newly established school district.

1/29/2007, 2:03:18 PM, Lead Analyst: Schoenfeld, J.D.

Office of the Legislative Fiscal Analyst